

**Final Internal Audit Report 2018-19**  
**WBC Council Tax Reduction Scheme**

**Final Report Distribution**

<b>Name</b>	<b>Title</b>
Council Tax Reduction Scheme Members Working Group	Councillor Chris Smith Councillor Imogen Shepherd-DuBey Councillor Daniel Sargeant Councillor Graham Howe Councillor Rachel Burgess
Susan Parsonage	Chief Executive
Graham Ebers	Director Corporate Services (Deputy Chief Executive, S.151 Officer)
Sarah Hollamby	Director Locality & Customer Services
Simon Price	Assistant Director Housing, Income and Assessments
Councillor Anthony Pollock	Executive Member for Finance
Bob Watson	Lead Specialist Finance (Deputy S.151 Officer)
Andrew Kupusarevic	Interim Senior Specialist Revenues and Recovery
Malcolm Haines	External Audit

**Auditor:**

Kelly Withers, Audit & Investigation Specialist

**Report Approved by:**

Andrew Moulton, Assistant Director Governance

## 1. INTRODUCTION

1.1 This review has been undertaken at the request of the Chairman of the Audit Committee in accordance with the 2018/19 Annual Internal Audit Plan, and the:

- Audit Charter
- Audit Protocol
- Agreed Terms of Reference previously issued

1.2 The format of this report is based on the Lean Systems Thinking Methodology. Management is therefore requested to specify and explain the countermeasure to the concerns raised, as detailed in the Management Action Plan.

## 2. EXECUTIVE SUMMARY & CONCLUSIONS

### AUDIT OPINION

Based upon our review of the controls in place in relation to the Council Tax Reduction Scheme, we have concluded that controls are:

**Substantially Complete and Generally Effective  
(2<sup>nd</sup> highest of 4 Audit Opinions)**

- Most key treatment measures are in place and these operate effectively.
- The majority of residual risks have been reduced to an acceptable level.
- There are a small number of unacceptable financial implications.
- The majority of concerns are of a predominately moderate impact/likelihood.

(Risk management processes are good and controls are adequate although only partially effective).

2.1 The principal objective of this audit was to examine the governance arrangements and processes for setting and approving the Council Tax Reduction Scheme (CTRS) for 2019/20. The draft report was discussed with the Council Tax Reduction Scheme Members Working Group and it was noted that the collective view is that the assurance opinion should be 'Range of Risk Mitigation Controls is incomplete and risks are not effectively mitigated (3<sup>rd</sup> highest of 4 Audit Opinions). This view is based on the shortcomings in Executive decision-making on this occasion.

2.2 Overall, we have found that effective processes are in place for setting and approving the CTRS, which have been generally well followed by Officers. The process commenced in a timely manner and efforts were made to engage with leadership and Members, to ensure that the scheme was delivered on time and to manage the financial implications to the council. However, controls that should have ensured the successfully delivery of the CTRS were impacted by a number a key factors that occurred at that time, including instability in leadership with key Officers and Members being vacant from post, the major restructure programme that the team was heavily involved in and the ineffectiveness of Member oversight and decision-making.

2.3 It is recognised that there are some areas for development in order to strengthen controls within the process and address concerns around Members oversight of the CTRS. The process may be enhanced further by strengthening the public consultation, producing a project plan and communication plan to guide the process and reviewing safeguards for detecting legislative changes. Members may also benefit from a training session around the

key changes within the benefits system and an Overview and Scrutiny review may provide further assurance over the arrangements for setting the annual CTRS. It is also considered that the process may benefit from forming a cross-party working group of Members to review proposed changes to the CTRS in future years.

## 2.4 Timeline of key events

May 2018	The process commenced and budget discussions were held.
June	Policy in Practice (PiP) were commissioned to model CTRS proposals based on the current budget, as the team were transitioning into the new 21 <sup>st</sup> Century Council structure at this time and had limited available resource.
August	First draft proposals were reported by PiP on 31 August 2018 and it is confirmed that discussions were held with the Executive Member for Finance, before he resigned from post in September. This post remained vacant until 14 December 2018.
October/ November	It was advised that the proposals were presented to Corporate Leadership Team, Joint Board and Exec Briefing before a public consultation took place between 15 November and 16 December 2018.
December	Fourteen public consultation responses were received on 18 December 2018.
January 2019	The CTRS was signed off by the Director Locality & Customer Services on 8 January 2019, before it was released on Modern.gov in advance of the extraordinary Council meeting.
January	The CTRS was approved by Members at the Extraordinary Council meeting on 24 January 2019.
February	Changes to the scheme are to be proposed at the Council meeting on 21 February 2019.

2.5 We identified five medium risk concerns as part of our audit review, which are recorded in the Management Action Plan that follows.

## Audit Opinion

*The opinion stated in the audit report provides management with a brief objective assessment of the status of current treatment measures, which have been put in place to reduce identified risks to the operation or strategy under review. It is not a statement of fact.*

*In reaching the Audit Opinion for this audit, the majority of the criteria for the relevant definition apply.*

<b>AUDIT OPINION DEFINITIONS</b>
<p><b>Complete and Effective</b></p> <ul style="list-style-type: none"><li>• All necessary treatment measures are in place and operating effectively.</li><li>• Residual risks have been reduced to an acceptable level.</li><li>• There are no unacceptable financial implications.</li><li>• Concerns reported are minor.</li></ul> <p>(Risk management processes are strong and controls are adequate and effective).</p>
<p><b>Substantially Complete and Generally Effective</b></p> <ul style="list-style-type: none"><li>• Most key treatment measures are in place and these operate effectively.</li><li>• The majority of residual risks have been reduced to an acceptable level.</li><li>• There are a small number of unacceptable financial implications.</li><li>• The majority of concerns are of a predominately moderate impact/likelihood.</li></ul> <p>(Risk management processes are good and controls are adequate although only partially effective).</p>
<p><b>Range of Risk Mitigation Controls is incomplete and risks are not effectively mitigated</b></p> <ul style="list-style-type: none"><li>• Not all key treatment measures are in place and/or do not operate effectively.</li><li>• Residual risks have not all been reduced to an acceptable level.</li><li>• There are some unacceptable financial implications associated with more than one risk mitigation control or because of a lack of risk mitigation control.</li><li>• There are a number of concerns that are predominantly of a major impact/likelihood.</li></ul> <p>(Risk management processes and controls are adequate but not effective in mitigating the identified risks).</p>
<p><b>There is no effective Risk Management process in place</b></p> <ul style="list-style-type: none"><li>• There are no appropriate treatment measures in place.</li><li>• Residual risks remain at an unacceptable level.</li><li>• Reported concerns are predominantly of a catastrophic or major impact/likelihood.</li></ul> <p>(Risk management processes and controls are weak).</p>

## Management Action Plan

### Council Tax Reduction Scheme

Please complete the Management Action Plan

For any one Concern, you may decide upon one or more countermeasures

PLEASE COPY AND PASTE THE TICK SHOWN  INTO THE APPROPRIATE COUNTERMEASURE(S) CELL(S)

Ref	Concern	Risk	Finding	COUNTER MEASURE				Counter Measure Action / Explanation	Responsible Officer	Target Date	Date: Transfer or Terminate
				Treat	Tolerate	Transfer	Terminate				
1	Legislative changes to the CTRS may go undetected if current measures are not strengthened.	Medium	Whilst there are measures in place to inform the service of key legislative changes to the CTRS, an amendment in the Council Tax Reduction Schemes Regulations regarding a revised deadline from 31 January to 11 March, has gone undetected.	<input checked="" type="checkbox"/>				This was an issue in many authorities. We will tighten up on guidance and information received to ensure our policies and procedures for this work are update accordingly.	Simon Price - Assistant Director, Housing, Income and Assessments	Ongoing	
2	There is a risk that public consultation responses may not be meaningful.	Medium	Whilst a public consultation has taken place for the CTRS and efforts have been made to target affected groups, there is scope to strengthen this area for next year's CTRS.	<input checked="" type="checkbox"/>				Colleagues have agreed that our consultation was poor this year. In future years, stakeholder analysis will be applied to identify consultees and to agree the right questions	Simon Price - Assistant Director, Housing, Income and Assessments	31 October 2019	

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			<p>A review of the public consultation records identified the following:</p> <p>a) Survey questions did not clearly highlight the changes being introduced in the scheme.</p> <p>b) We could not find evidence of advertisements on social media or the WBC News Centre.</p>				to draw out meaningful responses.			
3	In the absence of an agreed project plan and communications plan, the timeline, officer and member roles and responsibilities, governance and reporting arrangements may not be clearly understood by all parties.	Medium	There are currently no documented plans in place to implement the annual CTRS process or to identify key stakeholders involved in the process.	<input checked="" type="checkbox"/>			Agreed. We met with Councillor Anthony Pollock to pick these points up and a draft plan is due to be agreed this week.	Simon Price - Assistant Director, Housing, Income and Assessments	12 April 2019	
4	Effective decision-making may be impeded if Members are not informed about key changes to the benefits system.	Medium	Members may benefit from a training session to brief them on the changes within the benefit system.	<input checked="" type="checkbox"/>			Agreed. Member awareness will be provided on the welfare system.	Simon Price - Assistant Director, Housing, Income and Assessments	31 May 2019	

5	Without sufficient Member oversight, there is a risk of delayed approval for the annual process and ineffective decision-making.	Medium	Through discussion with a group of Council Members, it was considered that Member oversight of this process could be enhanced further and that the process may benefit from forming a working group of Members from various parties to review proposed changes to the CTRS in future years.	<input checked="" type="checkbox"/>			Agreed. We will ensure that Members are included and briefed on the Council Tax Reduction Scheme Programme. We will also ensure that all key Members are briefed prior to the Executive Meeting and are fully engaged in the action plan.	Simon Price - Assistant Director, Housing, Income and Assessments	31 January 2020	
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